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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 7 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: RAINIER SECURITIES, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

10500 NE 8TH ST, STE 1130

BELLEVUE

WA

98004

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

JEFF GOLDSTEIN

(425) 732-6000

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PETERSON SULLIVAN, LLP

(Name - if individual, state last, first, middle name)

601 UNION ST, STE 2300

SEATTLE

WA

98101

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 13 2009

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THOMSON REUTERS

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17 a-5(e)(2)

SEC 1410 (06.02)

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## OATH OR AFFIRMATION

I, Jeff Goldstein, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rainier Securities, LLC, as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



*[Signature]*

Notary Public

*[Signature]*  
Signature

*[Signature]*  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition. (Cash Flows)
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. (Not Applicable)
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3. (Not Applicable)
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. (Not Applicable)
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.\*
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation. (Not Applicable)
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report. (Not Applicable)
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. (Not Applicable)

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17 a-5(e)(3).

X (O) INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3.

\* RESERVE REQUIREMENT IS NOT APPLICABLE

CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300  
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

To the Members  
Rainier Securities, LLC  
Bellevue, Washington

We have audited the accompanying statement of financial condition of Rainier Securities, LLC as of December 31, 2008, and the related statements of operations, members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rainier Securities, LLC as of December 31, 2008, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Peterson Sullivan LLP*  
February 5, 2009

RAINIER SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2008

ASSETS

Cash	\$ 32,885
Receivable from clearing organization	3,322,566
Accrued interest	23,787
Deposits with clearing organization	100,000
Securities owned, at market value	3,868,259
Prepaid expenses	35,391
Deposits	102,514
Furniture and equipment, net of accumulated depreciation of \$91,147	19,517
	<hr/>
	\$ 7,504,919

LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Guaranteed payments and bonuses payable	\$ 941,744
Securities sold, not yet purchased, at market value	1,235,151
401(k) contribution payable	150,833
Accrued expenses and other liabilities	284,492
	<hr/>
Total liabilities	2,612,220
Members' Equity	4,892,699
	<hr/>
	\$ 7,504,919

See Notes to Financial Statements

**RAINIER SECURITIES, LLC**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2008

Revenue	
Net gains on sale of securities	\$ 9,923,924
Interest and other income	<u>525,045</u>
	10,448,969
Expenses	
Guaranteed payments	4,575,436
Transaction settlement costs	1,078,122
Licenses, registrations, and taxes	195,162
Interest	174,177
401(k) employer contributions	150,310
Data subscription	115,110
Professional fees	112,392
Employee wages and payroll taxes	95,417
Rent	66,797
Office	19,574
Communications	13,138
Depreciation	10,208
Travel and entertainment	<u>8,922</u>
	<u>6,614,765</u>
Net income	<u><u>\$ 3,834,204</u></u>

See Notes to Financial Statements

**RAINIER SECURITIES, LLC**  
**STATEMENT OF MEMBERS' EQUITY**  
**For the Year Ended December 31, 2008**

Balance, December 31, 2007	\$ 3,832,088
Net income	3,834,204
Distributions	<u>(2,773,593)</u>
Balance, December 31, 2008	<u><u>\$ 4,892,699</u></u>

See Notes to Financial Statements

# RAINIER SECURITIES, LLC

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

Cash Flows from Operating Activities	
Net income	\$ 3,834,204
Adjustments to reconcile net income to net cash flows from operating activities	
Depreciation	10,208
Change in operating assets and liabilities	
Receivable from clearing organization	(3,322,566)
Accrued interest	90,304
Securities owned	8,555,729
Prepaid expenses	(2,537)
Deposits	(664)
Payable to clearing organization	(71,241)
Loan payable to clearing organization	(8,325,389)
Guaranteed payments and bonuses payable	713,981
Securities sold, not yet purchased	1,033,181
401(k) contribution payable	68,876
Accrued expense and other liabilities	189,644
	<hr/>
Net cash flows from operating activities	2,773,730
Cash Flows from Financing Activity	
Distributions to members	(2,773,593)
	<hr/>
Change in cash and cash equivalents	137
Cash and Cash Equivalents, beginning of year	32,748
Cash and Cash Equivalents, end of year	<hr/> <hr/>
	\$ 32,885
Supplemental Cash Flow Information	
Cash paid during the year for interest	<hr/> <hr/>
	\$ 174,177

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Organization and Significant Accounting Policies

#### Organization

Rainier Securities, LLC ("the Company") is a securities broker and dealer as approved by the Securities and Exchange Commission ("the SEC") and the Financial Industry Regulatory Authority. The Company's activities are primarily comprised of purchasing and selling corporate and municipal bonds, and holding these types of securities for the Company's own account.

As a limited liability company (or, "LLC"), an owner's liability is generally limited to contributions made to the LLC. An LLC owner is referred to as a Member. The Company has five Members. All are involved in the Company's operations. The LLC has appointed one Member to act as the Managing Member.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### Cash

Cash consists of cash in banks. The Company occasionally has deposits in excess of federally insured limits.

#### Clearing Organization

The Company has an agreement with National Financial Services, LLC to act as the clearing organization for the Company. The clearing organization clears all security transactions.

The Company is required to maintain certain deposit levels with the clearing organization. The amount of the deposit depends on the agreement with the clearing organization and certain exchange market requirements.

#### Furniture and Equipment

Furniture and equipment is stated at cost and is depreciated using straight-line methods over estimated useful lives of three to seven years.



## **Revenue Recognition**

Revenue associated with securities transactions is recognized on a trade date basis.

## **Fair Value Measurements**

Securities owned and securities sold, not yet purchased (short sales) are recorded at fair value and, accordingly, any changes in fair value are recognized in the statement of operations.

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three-levels, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The fair value measurement of these securities was determined using Level 2 observable market inputs, within the above fair market hierarchy, consisting of quoted values of similar securities.

## **Income Taxes**

The Company is taxed as a partnership and, with limited exceptions, is not taxed at the Company level. Instead, its items of income, loss, deduction, and credit are passed through to its member owners in computing their individual tax liabilities.

## **Note 2. Securities Owned and Securities Sold, Not Yet Purchased**

Securities owned, at December 31, 2008, are composed of:

Corporate debt securities	\$ 2,697,193
Municipal debt securities	1,171,066
	<hr/>
	\$ 3,868,259

Three issuers of corporate debt securities (issuing many different debt securities series) represent a total of 44% of the total corporate debt balance. No other corporate or municipal debt issuer is over 10% of the balance.

Securities sold, not yet purchased are entirely composed of corporate debt securities.

### **Note 3. Trading Activities and Related Risks**

The Company actively trades corporate and municipal debt securities. Positions in these securities are subject to varying degrees of market and credit risk.

Market prices are subject to fluctuation and, as such, the Company is exposed to market risk. The fair value of the Company's securities will fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Market risk is directly impacted by the volatility and liquidity in the markets in which financial instruments are traded. The Company monitors its exposure to market risk, or its market risk profile, on a daily basis through a variety of financial, security position, and control procedures. The Company also tries to minimize the market risk by holding securities for generally less than 30 days.

Credit risk is the possibility of debt securities being downgraded by the rating agencies or the possibility the issuer will go into default. The Company minimizes credit risk by investing in a diversified pool of issuers.

The Company's counterparty risk is minimized by trading primarily with other broker-dealers and by clearing trades via the Federal Wire and the Deposit Trust Company ("DTC"), which ensure settlements occur simultaneously for both sides of the trade.

### **Note 4. Guaranteed Payments**

The Company pays guaranteed payments to all of its Members. Four of the Members receive their guaranteed payments based on trading profits, net of various expenses, each month. One of the Members received \$57,654 per year and may receive a quarterly bonus based on the Managing Member's discretion. In addition to the guaranteed payments calculated based on the net trading profits, the Managing Member and the Principal Municipal Trader (another Member) receive a salary of \$100,000 and \$25,000 per year, respectively. All payments are increased to cover FICA and Medicare taxes.

**Note 5. Leases**

The Company leases its office space under an operating lease that expires in January 2013. The following is a schedule of minimum lease payments required under non-cancelable operating leases for the years ending December 31:

2009	\$ 51,353
2010	53,014
2011	54,675
2012	56,336
2013	4,706
	<hr/>
	\$ 220,084
	<hr/>

**Note 6. Subsequent Event**

On January 15, 2009 and January 20, 2009, the Company made distributions to its Members in a total of \$490,000 and \$1,387,999, respectively. The Company expects to make additional distributions in April 2009, but the amount is undetermined.

**Note 7. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Accordingly, the Company is required to maintain a minimum level of net capital (as defined) of \$100,000. At December 31, 2008, the Company had computed net capital of \$4,493,386, which was in excess of the required net capital level by \$4,393,386. In addition, the Company is not allowed to have a ratio of aggregate indebtedness to net capital (as defined) in excess of 15 to 1. At December 31, 2008, the Company's ratio of aggregate indebtedness to net capital was 0.31 to 1.

S U P P L E M E N T A R Y   I N F O R M A T I O N

# RAINIER SECURITIES, LLC

## SCHEDULE I COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1 December 31, 2008

### COMPUTATION OF NET CAPITAL

Members' equity		\$ 4,892,699
Deductions		
Furniture and equipment	\$ (19,517)	
Other assets	<u>(35,391)</u>	(54,908)
Haircuts on security positions		
Municipal debt securities		(61,117)
Corporate debt securities		<u>(283,288)</u>
Net capital		4,493,386
Minimum net capital		<u>100,000</u>
Excess net capital		<u><u>\$ 4,393,386</u></u>

### COMPUTATION OF AGGREGATE INDEBTEDNESS

Guaranteed payments and bonuses payable	\$ 941,744
401(k) contribution payable	150,833
Accrued expenses and other liabilities	<u>284,492</u>
Total aggregate indebtedness	<u><u>\$ 1,377,069</u></u>

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of total aggregate indebtedness or \$100,000, whichever is greater)	<u><u>\$ 100,000</u></u>
Percentage of aggregate indebtedness to net capital	31%
Ratio of aggregate indebtedness to net capital	.31 to 1

Rainier Securities, LLC is exempt from the computation of reserve requirements pursuant to Rule 15c3-3 under paragraph K(2)(ii).

**RAINIER SECURITIES, LLC**

**SCHEDULE II  
RECONCILIATION BETWEEN THE COMPUTATION OF NET CAPITAL PER  
THE BROKER'S UNAUDITED FOCUS REPORT, PART IIA, AND THE  
AUDITED COMPUTATION OF NET CAPITAL**

December 31, 2008

Net capital per the broker's unaudited Focus Report, Part IIA, and net capital as  
recalculated \$ 4,493,386

No adjustments were proposed to net capital per the broker's unaudited Focus Report, Part IIA,  
as a result of our audit.

**CERTIFIED PUBLIC ACCOUNTANTS**

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**  
**REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER**  
**CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Members  
Rainier Securities, LLC  
Bellevue, Washington

In planning and performing our audit of the financial statements of Rainier Securities, LLC ("the Company") as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.



This report is intended solely for the use of management, members, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Peterson Sullivan LLP*

February 5, 2009

END